

**RECREATION DISTRICT NO. 1
OF ST. TAMMANY PARISH
Mandeville, Louisiana**

Annual Financial Statements

December 31, 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/29/09

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Independent Auditor's Report

To the Board of Commissioners
Recreation District No. 1 of St. Tammany Parish
Mandeville, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and the major funds, which collectively comprise the basic financial statements of Recreation District No. 1 of St. Tammany Parish (the District), a component unit of the St. Tammany Parish Council, as of December 31, 2008 and for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the major funds of the Recreation District No. 1 of St. Tammany Parish as of December 31, 2008, and the results of its respective operations and cash flows of its proprietary funds for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis starting on page 4 and the budgetary comparison schedule on page 31 are not required parts of the basic financial statements but are supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consist primarily of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The accompanying information listed as other supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Recreation District No. 1 of St. Tammany Parish. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2009, on our consideration of the Recreation District No. 1 of St. Tammany Parish's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



A Professional Accounting Corporation

June 15, 2009

REQUIRED SUPPLEMENTAL INFORMATION (PART I)
MANAGEMENT'S DISCUSSION AND ANALYSIS

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

Management's Discussion and Analysis December 31, 2008

As management of Recreation District No. 1 of St. Tammany Parish (the District), we offer this narrative overview and financial analysis of the District's financial activities for the year ended December 31, 2008. This document focuses on the current year's activities, resulting changes and currently known facts. The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Government Accounting Standards Board (GASB) in their Statement No. 34 issued in June 1999.

As with other sections of this financial report, the information contained with the MD&A should be considered only as a part of the greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and the other Required Supplemental Information that is provided in addition to this MD&A.

FINANCIAL HIGHLIGHTS

The District's net assets increased by \$1,261,698 or 9% from the prior fiscal year approximately \$163,170 was expended in the current year for the park expansion projects voted by the district residents with the completion of Phase IV.

The District continues to provide growing youth sports and programs.

OVERVIEW OF ANNUAL FINANCIAL REPORT

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements. The District's basic financial statements are comprised of three components: (1) government-wide statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business. These financial statements are reported using the full accrual accounting method.

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the District's activities on revenues provided by the District's taxpayers.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

Management's Discussion and Analysis December 31, 2008

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities. The District used funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole. The modified accrual basis of accounting is used by the governmental funds.

Notes to Financial Statements

The notes to the financial statements provide required disclosures essential to the understanding of the financial statements. The notes present information about the District's accounting policies, significant account balances and activities, commitments, contingencies, and, if any, significant events.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District implemented the new financial reporting model used in this report beginning with the fiscal year ended December 31, 2003. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the District as a whole.

The District's net assets at year end are:

Year Ended December 31,	
2008	\$ 15,016,374
2007	13,754,676
2006	12,428,898
2005	10,422,718
2004	8,634,015

The District's current ratio compares the current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratios at year end are:

Year Ended December 31,	
2008	5.21 to 1
2007	4.37 to 1
2006	6.54 to 1
2005	8.52 to 1
2004	8.30 to 1

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

Management's Discussion and Analysis December 31, 2008

The District has nets assets invested into capital assets, net of related debt, to provide services for its taxpayers as follows:

Year Ended December 31,	
2008	47.27%
2007	45.62%
2006	39.72%
2005	41.26%
2004	37.54%

DEBT ADMINISTRATION

The District had \$12,225,000 in current and long-term general obligation bonds and \$1,660,000 in certificates of indebtedness as of December 31, 2008. The general obligation bonds are secured by an Ad Valorem tax levy.

FUTURE ECONOMIC PLANS

The District completed construction in June 2009 on batting cages that signal the completion of all components of the Citizen Driven Master Plan for Pelican Park. The Master Plan was conducted in 1999. During the Master Plan process, the public attended six input meetings listening to all aspects of recreation and what people wanted within Pelican Park. The citizens developed a priority list of facilities and the Board of Commissioners adopted this list without change. The batting cage construction was delayed until after the completion of Phase III and Phase IV to ensure funds were available for the construction of all playing fields. The District is proud to announce the opening of the eight automatic batting cages named "The Cages at Pelican Park."

The District continues to serve its taxpayers by providing recreational facilities, sports programs, and leisure programs for its youth and adult residents.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances. Questions concerning this report or the need of financial information should be directed to Cindy Jackson, (985) 626-7997.

**BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS**

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
Statement of Net Assets
December 31, 2008

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 2,082,706	\$ 138,077	\$ 2,220,783
Investments	997,293	-	997,293
Receivables - Ad Valorem Taxes	4,512,285	-	4,512,285
Receivables - Revenue Sharing	67,644	-	67,644
Receivables - Other	37,742	-	37,742
Internal Balances	2,126	(2,126)	-
Inventory	-	6,139	6,139
Deposits	-	611	611
Prepaid Expenses	63,263	-	63,263
Deferred Loss on Bond Refunding	258,160	-	258,160
Bond Issuance Cost, Net of Amortization	160,118	-	160,118
Capital Assets, Net of Accumulated Depreciation	20,982,202	697	20,982,899
Total Assets	29,163,539	143,398	29,306,937
Liabilities			
Accrued Salaries and Payroll Taxes	45,016	-	45,016
Accounts Payable	82,201	903	83,104
Deposits	62,214	-	62,214
Accrued Interest	141,938	-	141,938
Compensated Absences	73,291	-	73,291
Certificate of Indebtedness			
Due Within One Year	178,000	-	178,000
Due in More than One Year	1,482,000	-	1,482,000
Bonds Payable			
Due Within One Year	930,000	-	930,000
Due in More than One Year	11,295,000	-	11,295,000
Total Liabilities	14,289,660	903	14,290,563
Net Assets			
Invested in Capital Assets, Net of Related Debt	7,097,202	697	7,097,899
Restricted - Debt Service	2,302,282	-	2,302,282
Restricted - Capital Reserve Fund	520,600	-	520,600
Restricted - Legal and Insurance Reserve Fund	250,252	-	250,252
Restricted - Construction	803,296	-	803,296
Unrestricted, Undesignated	3,900,247	141,798	4,042,045
Total Net Assets	\$ 14,873,879	\$ 142,495	\$ 15,016,374

The accompanying notes are an integral part of these financial statements.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
Statement of Activities
For the Year Ended December 31, 2008

Functions/Programs	Program Revenues		Net (Expenses) Revenues and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Governmental Activities						
Recreation	\$ 3,662,018	\$ 350,040	\$ 128,719	\$ (3,183,259)	\$ -	\$ (3,183,259)
Interest on Long-Term Debt	531,788	-	-	(531,788)	-	(531,788)
Total Governmental Activities	4,193,806	350,040	128,719	(3,715,047)	-	(3,715,047)
Business-Type Activities						
Sports	347,863	378,983	-	-	31,120	31,120
Enterprise	232,715	302,320	-	-	69,605	69,605
Total Business-Type Activities	580,578	681,303	-	-	100,725	100,725
Total	\$ 4,774,384	\$ 1,031,343	\$ 128,719	(3,715,047)	100,725	(3,614,322)
General Revenues						
Taxes -						
Property Taxes				4,599,129	-	4,599,129
State Revenue Sharing				67,644	-	67,644
Other Income				105,722	-	105,722
Endorsements				7,747	-	7,747
Interest and Investment Earnings				95,778	-	95,778
Transfers				53,137	(53,137)	-
Total General Revenues				4,929,157	(53,137)	4,876,020
Change in Net Assets				1,214,110	47,588	1,261,698
Net Assets, Beginning of Year				13,659,769	94,907	13,754,676
Net Assets, End of Year				\$ 14,873,879	\$ 142,495	\$ 15,016,374

The accompanying notes are an integral part of these financial statements.

**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS**

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
Balance Sheet
Governmental Funds
December 31, 2008

	General	Capital Project - Development	Capital Project - Construction	Debt Service	Total Governmental Funds
Assets					
Cash and Cash Equivalents	\$ 681,788	\$ 105,327	\$ 638,517	\$ 657,074	\$ 2,082,706
Investments	40,563	-	956,730	-	997,293
Receivables - Ad Valorem Taxes	2,867,077	-	-	1,645,208	4,512,285
Receivables - Revenue Sharing	67,644	-	-	-	67,644
Receivables - Grants	37,742	-	-	-	37,742
Prepaid Expenses	63,263	-	-	-	63,263
Due from Other Funds	210,325	-	-	-	210,325
Total Assets	\$ 3,968,402	\$ 105,327	\$ 1,595,247	\$ 2,302,282	\$ 7,971,258
Liabilities					
Accrued Salaries and Payroll Taxes	\$ 45,016	\$ -	\$ -	\$ -	\$ 45,016
Accounts Payable	74,951	-	7,250	-	82,201
Due to Other Funds	194,350	-	13,849	-	208,199
Deposits	62,214	-	-	-	62,214
Total Liabilities	376,531	-	21,099	-	397,630
Fund Balances					
Fund Balance					
Reserved for Debt Service	-	-	-	2,302,282	2,302,282
Reserved for Capital Reserve Fund	-	-	520,600	-	520,600
Reserved for Legal and Insurance Reserve Fund	-	-	250,252	-	250,252
Reserved for Construction	-	105,327	803,296	-	908,623
Unreserved, Undesignated	3,591,871	-	-	-	3,591,871
Total Fund Balances	3,591,871	105,327	1,574,148	2,302,282	7,573,628
Total Liabilities and Fund Balances	\$ 3,968,402	\$ 105,327	\$ 1,595,247	\$ 2,302,282	

Amounts reported for governmental activities in the Statement of

Net Assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	20,982,202
Bond issuance cost and deferred loss on refunding, which is expensed when incurred in the funds.	418,278
Compensated absences, which are expensed as it is paid in the funds.	(73,291)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(13,885,000)
Accrued interest on long-term liabilities is not reported in the governmental funds.	(141,938)
Net Assets of Governmental Activities	\$ 14,873,879

The accompanying notes are an integral part of these financial statements.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
For the Year Ended December 31, 2008

	General	Capital Project - Development	Capital Project - Construction	Debt Service	Total Governmental Funds
Revenues					
Ad Valorem Taxes	\$ 2,904,499	\$ -	\$ -	\$ 1,694,630	\$ 4,599,129
Rental Income	350,040	-	-	-	350,040
Earnings on Investments	70,602	8,331	210	16,635	95,778
Revenue Sharing	67,644	-	-	-	67,644
Grant	-	-	8,692	-	8,692
Intergovernmental	120,027	-	-	-	120,027
Endorsements	7,747	-	-	-	7,747
Other Income	105,722	-	-	-	105,722
Total Revenues	3,626,281	8,331	8,902	1,711,265	5,354,779
Expenditures					
Administration	881,003	-	-	2,523	883,526
Castine Center	474,340	-	-	-	474,340
Park	919,609	-	-	-	919,609
Recreation	270,161	-	-	-	270,161
Hurricane Katrina Recovery	-	-	18,475	-	18,475
Capital Outlay	-	293,941	322,109	-	616,050
Debt Service - Principal	-	-	-	1,250,000	1,250,000
Debt Service - Interest	-	-	-	490,991	490,991
Total Expenditures	2,545,113	293,941	340,584	1,743,514	4,923,152
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,081,168	(285,610)	(331,682)	(32,249)	431,627
Other Financing Sources (Uses)					
Transfers In	53,137	-	720,789	233,733	1,007,659
Transfers Out	(821,930)	(132,592)	-	-	(954,522)
Total Other Financing Sources (Uses)	(768,793)	(132,592)	720,789	233,733	53,137
Net Change in Fund Balances	312,375	(418,202)	389,107	201,484	484,764
Fund Balances, Beginning of Year	3,279,496	523,529	1,185,041	2,100,798	7,088,864
Fund Balances, End of Year	\$ 3,591,871	\$ 105,327	\$ 1,574,148	\$ 2,302,282	\$ 7,573,628

The accompanying notes are an integral part of these financial statements.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2008

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances - Total Governmental Funds	\$ 484,764
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(429,830)
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Change in Compensated Absences	(50,027)
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The issuance of long-term debt (e.g., bonds and certificates of indebtedness) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	<u>1,209,203</u>
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Change in Net Assets of Governmental Activities	<u>\$ 1,214,110</u>
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The accompanying notes are an integral part of these financial statements.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
Statement of Net Assets
Proprietary Funds
December 31, 2008

	Sports	Enterprise	Total
Assets			
Cash and Cash Equivalents	\$ 85,357	\$ 52,720	\$ 138,077
Inventory	-	6,139	6,139
Deposits	611	-	611
Capital Assets	-	697	697
Total Assets	85,968	59,556	145,524
Liabilities			
Accrued Expenses	-	903	903
Due to Other Funds	964	1,162	2,126
Total Liabilities	964	2,065	3,029
Net Assets			
Unrestricted	\$ 85,004	\$ 57,491	\$ 142,495

The accompanying notes are an integral part of these financial statements.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended December 31, 2008

	Sports	Enterprise	Total
Operating Revenues			
Registration Fees	\$ 374,352	\$ -	\$ 374,352
Concessions and Vending	-	273,123	273,123
Skatepark Income	-	27,883	27,883
Other	4,631	1,314	5,945
Total Operating Revenues	378,983	302,320	681,303
Operating Expenses			
Officials and Scorers	155,972	-	155,972
Uniforms	96,034	-	96,034
Sports Supplies	16,403	-	16,403
Awards	29,459	-	29,459
Other	34,664	-	34,664
Refunds	15,331	-	15,331
Concessions	-	214,395	214,395
Skatepark Expenses	-	18,320	18,320
Total Operating Expenses	347,863	232,715	580,578
Net Operating Income	31,120	69,605	100,725
Transfers In (Out)	-	(53,137)	(53,137)
Change in Net Assets	31,120	16,468	47,588
Net Assets, Beginning of Year	53,884	41,023	94,907
Net Assets, End of Year	\$ 85,004	\$ 57,491	\$ 142,495

The accompanying notes are an integral part of these financial statements.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2008

	Sports	Enterprise	Total
Cash Flows from Operating Activities			
Receipts from Customers	\$ 377,390	\$ 302,320	\$ 679,710
Payments for Goods and Services	(348,474)	(228,694)	(577,168)
Net Cash Provided by Operating Activities	28,916	73,626	102,542
Cash Flows from Non-Capital Financing Activities			
Transfer to Other Funds	-	(53,137)	(53,137)
Interfund Borrowing	186	4,632	4,818
Net Cash Provided by (Used in) Non-Capital Financing Activities	186	(48,505)	(48,319)
Net Increase in Cash and Cash Equivalents	29,102	25,121	54,223
Cash and Cash Equivalents, Beginning of Year	56,255	27,599	83,854
Cash and Cash Equivalents, End of Year	\$ 85,357	\$ 52,720	\$ 138,077
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Net Operating Income	\$ 31,120	\$ 69,605	\$ 100,725
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities			
Depreciation	-	479	479
Decrease in Inventory	-	406	406
(Increase) Decrease in Prepaid Assets	(1,593)	2,233	640
Increase in Accrued Expenses	-	903	903
Decrease in Deposits	(611)	-	(611)
Net Cash Provided by Operating Activities	\$ 28,916	\$ 73,626	\$ 102,542

The accompanying notes are an integral part of these financial statements.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

The mission of the Recreation District No. 1 of St. Tammany Parish (the District) is to provide recreational opportunity and facilities to the residents of the area that includes Mandeville, Louisiana. The District offers youth and adult sports leagues and programs. The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America applicable to government entities. The following is a summary of significant accounting policies:

Reporting Entity

The District was created in 1975 by Ordinance 623 and re-established in 2000 by Ordinance 157 of the St. Tammany Parish Council (the Council). The District is governed by a Board of Commissioners, which is appointed by the Council. The District consists of seven Commissioners who serve four-year terms.

As the governing authority of St. Tammany Parish (the Parish), for financial reporting purposes, the Council is the financial reporting entity for Parish. The financial reporting entity consists of (a) the primary government (b) organizations for which the primary governments are financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the St. Tammany Parish Council for financial reporting purposes. The basic criterion for including a potential component unit with the reporting entity is financial accountability.

The District is a component unit of the Parish because the Council appoints all members of the District and, as such, is financially accountable for the District. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Council, the general government services provided by that governmental unit, or the governmental units that comprise the financial reporting entity.

Basis of Presentation

The accompanying basic financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued in June 1999.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds and for the proprietary funds.

Fund Financial Statements

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are classified as governmental and proprietary. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the District or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds.

The District reports the following major governmental funds:

The **General Fund** is the primary operating fund of the District. It accounts for all the financial resources except those that are required to be accounted for in other funds.

The **Debt Service Fund** accounts for proceeds of Ad Valorem millage of 3.9 mills restricted for debt service.

The District reports two capital project funds as major - the **Development Fund** and the **Construction Fund**.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The District reports two major proprietary funds. The **Sports Fund** accounts for registration fees for youth and adult sports and the related expenses of providing sports including uniforms, officials and scorers, and equipment. The **Enterprise Fund** accounts for sale of concessions, goods, admissions and their related costs from all facilities' concession stands and skate park arena.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed by the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities, subject to the same limitation. The District has elected not to follow subsequent private-sector guidance.

Measurement Focus / Basis of Accounting

The amounts reflected in the governmental fund financial statements are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to the government-wide financial statements.

The amounts reflected in the governmental fund financial statements use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after the fiscal year-end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt, which are recognized when payment is due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The government-wide financial statements and the proprietary fund financial statements are accounted for using an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets and financial position. All assets and liabilities (whether current or non-current) associated with their activities are reported.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus / Basis of Accounting (Continued)

The government-wide financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of the timing of the related cash flows.

Budgets and Budgetary Accounting

The District adopts an annual budget for the General Fund on a modified accrual basis of accounting. The budget is legally adopted and amended as necessary by the District. All budgeted amounts which are not expended or obligated through contracts lapse at year end.

Cash, Cash Equivalents and Investments

Cash includes amounts in interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the municipality may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Investments are reported at fair value using published market prices.

Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days, however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at market.

Accounts Receivable

Outstanding balances between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "Internal Balances."

Capital Assets

All capital assets of the District are recorded at historical costs in the government-wide financial statements. Depreciation of all exhaustible capital assets is charged as an expense against their operations.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. The District capitalizes equipment and furniture in excess of \$2,500. The following estimated useful lives and methods are used to compute depreciation:

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

Buildings	25 to 40 Years	Straight Line
Parking Lots	40 to 50 Years	Straight Line
Fields	25 to 30 Years	Straight Line
Trails and Pathways	40 Years	Straight Line
Vehicles	5 Years	Straight Line
Equipment	5 to 15 Years	Straight Line

In the governmental financial statements, capital assets are accounted for as capital outlay expenditures upon acquisition.

Compensated Absences

The District's employees earn and accrue varying amounts of vacation and sick leave each year. At termination, employees may be paid for unused vacation but sick leave is forfeited. At December 31, 2008, a liability of \$73,291 has been recorded in the Statement of Net Assets.

Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fund Equity

Government-Wide Statements

Equity is classified as net assets and displayed in three components:

1. *Invested in capital assets, net of related debt* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. *Unrestricted net assets* - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."
3. *Restricted net assets* - Net assets with constraints placed on the use either by:
 - a. External groups such as creditors, grantors, contributors, or laws or regulations of other governments.
 - b. Law through constitutional provisions or enabling legislation.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the District's policy is to apply restricted net assets first.

Note 2. Ad Valorem Taxes

Property taxes for the operations and bond debt service of the District are normally levied each November 1st on the assessed value listed as of the prior January 1st for all real property, merchandise and movable property located in the Parish. Assessed values are established by the St. Tammany Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed as of January 1, 2008. Taxes are due and payable on a date set by the St. Tammany Parish Office of Assessor usually in December.

The following is a summary of authorized and levied Ad Valorem taxes:

	Authorized	Levied
Operation and Maintenance	7.00	6.51
Payment of General Obligation Bonds	5.80	3.90

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 3. Capital Assets

Capital assets activity for the year ended December 31, 2008, is as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Construction in Progress	\$ 1,799,017	\$ 169,659	\$(1,968,676)	\$ -
Capital Assets Being Depreciated				
Buildings	9,107,998	236,685	-	9,344,683
Parking Lots	2,388,369	71,914	-	2,460,283
Fields	7,995,085	1,693,243	-	9,688,328
Trails and Pathways	88,626	-	-	88,626
Motor Vehicles	76,097	-	-	76,097
Roads	2,018,958	53,345	-	2,072,303
Well, Water and Sewer	1,758,970	-	-	1,758,970
Equipment	875,559	76,659	-	952,218
Total Capital Assets Being Depreciated	24,309,662	2,131,846	-	26,441,508
Less Accumulated Depreciation for:				
Buildings	(1,774,580)	(228,064)	-	(2,002,644)
Parking Lots	(277,199)	(54,128)	-	(331,327)
Fields	(1,711,277)	(296,804)	-	(2,008,081)
Trails and Pathways	(10,397)	(2,216)	-	(12,613)
Motor Vehicles	(51,885)	(8,766)	-	(60,651)
Roads	(271,770)	(51,165)	-	(322,935)
Well, Water and Sewer	(206,594)	(70,359)	-	(276,953)
Equipment	(392,945)	(51,157)	-	(444,102)
Total Accumulated Depreciation	(4,696,647)	(762,659)	-	(5,459,306)
Capital Assets Being Depreciated - Net	19,613,015	1,369,187	-	20,982,202
Capital Assets - Net	\$21,412,032	\$ 1,538,846	\$(1,968,676)	\$20,982,202

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated				
Equipment	\$ 2,613	\$ -	\$ -	\$ 2,613
Less Accumulated Depreciation for:				
Equipment	(1,437)	(479)	-	(1,916)
Capital Assets Being Depreciated - Net	\$ 1,176	\$ (479)	\$ -	\$ 697

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 4. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents at December 31, 2008:

	Book Balance	Bank Balance
Demand Deposits, Unrestricted	<u>\$ 2,220,783</u>	<u>\$ 2,315,616</u>

These deposits are stated at cost, which approximates market.

Custodial Credit Risk

Under state law, the bank balances of these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2008, the District has \$2,315,616 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 in federal deposit insurance and \$2,065,616 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

Note 5. Lease

The District has entered into a lease for land with the State of Louisiana dated September 1, 2005, for a term of ten years, which was an extension of an earlier lease. The lease is renewable every ten years, provided the District makes substantial improvements to the park during each term. The lease is accounted for as an operating lease whereby rental payments are recorded as operating expenditures when paid. A total payment on this lease was \$11,967 for the year ended December 31, 2008. Due to the variable terms of the lease, a schedule of future maturities cannot be presented at this time.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH**Notes to Financial Statements**

Note 6. Long-Term Debt

The following is a summary of bond transactions of the District for the year ended December 31, 2008:

General Obligation	Bonds	Certificate of Indebtedness	Total
Payable at January 1, 2008	\$ 13,305,000	\$ 1,830,000	\$ 15,135,000
Issued	-	-	-
Retired	<u>(1,080,000)</u>	<u>(170,000)</u>	<u>(1,250,000)</u>
Payable at December 31, 2008	<u>\$ 12,225,000</u>	<u>\$ 1,660,000</u>	<u>\$ 13,885,000</u>
Due within One Year	<u>\$ 930,000</u>	<u>\$ 178,000</u>	<u>\$ 1,108,000</u>

\$7,870,000 General obligation bonds dated August 1, 2003; due in 20 annual installments due March 1, 2023, with semi-annual interest payments at 2.00% to 6.00%. \$ 6,540,000

\$7,070,000 General obligation refunding bonds dated May 1, 2004; due in 12 annual installments due March 1, 2016, with semi-annual interest payments at 2.00% to 3.55%. 5,685,000

\$2,000,000 Certificate of Indebtedness dated December 1, 2006, with 10 annual installments including interest at 3.85%. 1,660,000

Total **\$ 13,885,000**

General obligation bonds are secured by an annual Ad Valorem tax levy. In accordance with Louisiana Revised Statute 39:562, the District is legally restricted from incurring long term bonded debt in excess of 10% of the assessed value of taxable property in the District. At December 31, 2008, the District had not exceeded this statutory limit.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 6. Long-Term Debt (Continued)

The following is a schedule of future principal debt service requirements:

Year Ending December 31,	General Obligation Bond		Certificate of Indebtedness		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 930,000	\$ 395,572	\$ 178,000	\$ 60,484	\$ 1,108,000	\$ 456,056
2010	950,000	368,933	186,000	53,477	1,136,000	422,410
2011	1,015,000	339,291	194,000	46,162	1,209,000	385,453
2012	1,025,000	308,080	202,000	38,539	1,227,000	346,619
2013	1,095,000	275,012	211,000	30,588	1,306,000	305,600
2014 - 2018	4,495,000	836,170	689,000	40,522	5,184,000	876,692
2019 - 2023	2,715,000	269,975	-	-	2,715,000	269,975
Total	\$ 12,225,000	\$ 2,793,033	\$ 1,660,000	\$ 269,772	\$ 13,885,000	\$ 3,062,805

Note 7. Investments

Investments of \$997,293, which are stated at market using published quotes as of December 31, 2008, consists of \$15,000 in Series EE bonds and \$932,168 is in the Louisiana Asset Management Pool, Inc. (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126, the investment in LAMP is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in a pool of funds and, therefore, not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33:2955.

GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest rate risk and foreign currency risk for all public entity investments.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 7. Investments (Continued)

LAMP is a money market-like investment pool. The following facts are relevant for money market-like investment pools:

- *Credit risk:* LAMP is rated AAAm by Standard & Poor's.
- *Custodial credit risk:* LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- *Concentration of credit risk:* Pooled investments are excluded from the 5 percent disclosure requirement.
- *Interest rate risk:* Money market-like investment pools are excluded from this disclosure requirement, per paragraph 15 of the GASB 40 statement.
- *Foreign currency risk:* Not applicable to money market - like pools.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

If you have any questions, please feel free to contact the LAMP administrative office at 800-249-5267.

Note 8. Pension Plan

Substantially all employees of the District are members of the Parochial Employees Retirement System of Louisiana (the System). The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the District are members of Plan A.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 8. Pension Plan (Continued)

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from District funds are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees Retirement System of Louisiana, 5420 Corporate Boulevard, Suite 103, Baton Rouge, Louisiana 70808, or by calling (225) 928-1361.

Funding Policy

Under Plan A, members are required by state statute to contribute 9.50 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 12.75 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except in Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the District are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The District's required contributions to the System under Plan A for the years ended December 31, 2008, 2007, and 2006, were \$89,099, \$100,588, and \$91,014 respectively, equal to the required contributions for each year.

Note 9. Interfund Receivables and Payables

At December 31, 2008, the District had interfund receivables and payables as follows:

Fund	Due From	Due To
General	\$ 2,126	\$ -
Sports Enterprise Fund		964
Enterprise Fund	-	1,162
Total	\$ 2,126	\$ 2,126

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 9. Interfund Receivables and Payables (Continued)

The due to/from other funds were short-term receivables or payables resulting from the normal course of the District's operations.

Note 10. Litigation

The District is a defendant in a number of lawsuits. In the opinion of the District's legal counsel, the resolution of these lawsuits would not result in a liability to the District in excess of the District's insurance coverage.

Note 11. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2008, the District carried insurance through various commercial carriers to cover all risks of losses. The District has no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTAL INFORMATION (PART II)
BUDGETARY COMPARISON SCHEDULE

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual (Budgetary Basis) - General Fund
For the Year Ended December 31, 2008

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Ad Valorem Taxes	\$ 2,092,312	\$ 2,092,312	\$ 2,904,499	\$ 812,187
Rental Income	268,171	268,171	350,040	81,869
Earnings on Investments	106,647	106,647	70,602	(36,045)
Revenue Sharing	58,000	58,000	67,644	9,644
Intergovernmental	66,260	66,260	120,027	53,767
Endorsements	5,520	5,520	7,747	2,227
Other	183,068	183,068	105,722	(77,346)
Total Revenues	2,779,978	2,779,978	3,626,281	846,303
Expenditures				
Administration	933,654	933,654	881,003	52,651
Castine Center	501,564	501,564	474,340	27,224
Park	1,010,158	1,010,158	919,609	90,549
Recreation	334,602	334,602	270,161	64,441
Total Expenditures	2,779,978	2,779,978	2,545,113	234,865
Excess of Revenues Over Expenditures	-	-	1,081,168	1,081,168
Other Financing Uses				
Transfers	-	-	(768,793)	(768,793)
Net Change in Fund Balances	\$ -	\$ -	312,375	\$ 312,375
Fund Balance, Beginning of Year			3,279,496	
Fund Balance, End of Year			\$ 3,591,871	

OTHER SUPPLEMENTAL INFORMATION

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH**Schedule of Compensation Paid to Governing Board
December 31, 2008**

<u>Board of Commissioners</u>	<u>Term Expiration</u>	<u>Compensation</u>
Nixon Adams, Chairman 250 Dona Drive Mandeville, LA 70448 (985) 626-4888	December 31, 2011	None
William Matthews 386 Red Maple Drive Mandeville, LA 70448 (985) 727-9880	December 31, 2011	None
Tony Oramous, Sr. 1736 Claiborne Street Mandeville, LA 70448 (985) 626-7340	December 31, 2011	None
Stephen Meyer, M.D., Vice Chairman 102 Fox Run Drive Mandeville, LA 70471 (985) 626-5555	December 31, 2011	None
Rick Danielson 525 Heavens Drive Mandeville, LA 70471 (985) 674-3473	December 31, 2011	None
Bob Whelan 77 Woodstone Drive Mandeville, LA 70471 (985) 626-5024	December 31, 2011	None
Warren Montgomery 131 East Ruelle Drive Mandeville, LA 70471 (985) 845-7195	December 31, 2011	None



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE
BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners
Recreation District No. 1 of St. Tammany Parish
Mandeville, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities and the major funds which collectively comprise the basic financial statements of Recreation District No. 1 of St. Tammany Parish as of and for the year ended December 31, 2008, and have issued our report thereon dated June 15, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Recreation District No. 1 of St. Tammany Parish's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Recreation District No. 1 of St. Tammany Parish's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Recreation District No. 1 of St. Tammany Parish's internal control over financial reporting.

A control deficiency exists when the design or operation of control does not allow management or employees, in the normal course of performing their assigned functions, to prevent and detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Recreation District No. 1 of St. Tammany Parish's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements; noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the use of management and the Louisiana Legislative Auditor, and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

June 15, 2009